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INFORMATION REPORT

COUNTRY China

DATE DISTR. 17 September 1948

SUBJECT Economic Information: Kirin Area

CONFIDENTIAL OF PAGES 2

PLACE 25X1A
ACQUIRED

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Director of Central Intelligence to the
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SUPPLEMENT TO
REPORT NO.

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1. The North Manchuria Trading Company (北滿貿易公司), operating under Soviet direction, has established a branch bureau in Kirin (126-32,43-51) supervised by TS'AO Hung-chun (曹鴻鈞). The company is openly engaged in purchasing foodstuffs in the Kirin area. It is secretly engaged in surveying mining resources in the same area [REDACTED] Several mining experts have been employed by the Kirin branch bureau. 25X1A
2. On 25 April 1948 the Kirin Paper Factory resumed operations with 5,000 workers. Except for white pine and wheat straw, which are purchased in adjacent areas, materials for paper manufacture are purchased in Chiamussu (130-21,46-49). Up to 28 May 1948 a total of 200 tons of newsprint was produced and used in the Chinese Communist areas of Manchuria [REDACTED] 25X1A
3. In mid-April 1948 the Kirin Cement Factory and the Tungshan (東山) limestone quarry, which is near the Howantzu (126-08,44-02) railway station, resumed operations after repairs. They employ 800 laborers. The light narrow-gauge railway between the Howantzu station and the Tungshan quarry has also been repaired.
4. In mid-April 1948 Chinese Communists in Kirin suspended their construction of the Kirin Flax Factory. They resumed construction on 1 June 1948. The factory manager is YANG Shih-hua (楊世華), who directs a staff of one hundred administrative workers and eighty technicians. The chief technician is a Japanese named YAMASHITA Takeji (山下武二). The factory employs ten Japanese and more than 2,000 Chinese workers. In early May about 500 tons of raw flax were shipped to Lungtanshan (126-36,43-56) from Harbin, and in late May shipments of chemicals arrived from Tsitsihar (123-57,47-22) and Chiamussu. Ten percent of the best production of the factory is sent to the USSR, and the remainder is used in the Chinese Communist-held areas of Manchuria.
5. About the middle of May 1948, 500 tons of raw flax was shipped to the Kirin Flax Factory. This was the 1947 crop of flax which was produced in the mountainous areas of Panshih, Huatien and Pinchiang, all in the vicinity of Kirin.

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25X1A

- 2 -

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The flax plants grow to a height of seven or eight feet (sic), and in that area there are over two million plants. However, the 1947 crop was not up to standard. Of the total output of the factory, 70 percent is used in Kirin and 30 percent is exported.

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6. On 21 May 1948, 10 Russian, 5 Chinese and 3 Japanese technicians arrived at the Hsiaofengman Hydroelectric Power Plant, presumably for an inspection. During the five days they stayed at the plant the electric supply was cut off. On 10 June more than 80 cases of parts from the plant were shipped to Kirin and, on 12 June, sent on to Harbin. The removal of these parts has not seriously affected the operation of the plant. The supply of power has been resumed (late June); Harbin is receiving an adequate supply of power and various points along the Tumen-Kirin railroad are also being supplied. The high-tension power lines have been repaired as far as Chiutai (125-50,44-08).

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